

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 GSA-01 L-03 H-02 CIAE-00

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R 161353Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

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E.O. 11652: N/A

TAGS:EMIN, ETRD, USINJC, IN

SUBJECT: MICA

REF: A. STATE 242389

B. NEW DELHI 13708

1. INDIAN EMBASSY COMMERCIAL MINISTER DIXIT SAW DEPUTY ASST SECY (EB) BILLER OCTOBER 14 FOR CONSULTATIONS ON GSA PROPOSAL TO INCREASE FY1976 MUSCOVITE MICA DISPOSAL PROGRAM BY ADDITIONAL 4,649,000 POUNDS. (NOTE: 4,778,000 LB INCREASE REFERRED TO IN REF A ACTUALLY IS TOTAL AMOUNT OF GSA MUSCOVITE SPLITTING SURPLUS CURRENTLY AVAILABLE FOR SALE. HOWEVER, 129,000 LBS OF THIS AMOUNT REPRESENT DIFFERENCE BETWEEN CURRENT FY DISPOSAL PROGRAM OF 2,500,000 LBS AND APPROXIMATELY 2,370,000 LBS ALREADY SOLD THIS FY. WE THUS ARE CONSULTING ON A DISPOSAL INCREASE OF 4,649,000 LBS.)

2. PRIOR TO DIXIT-BILLER MEETING, DEPTOFF SPOKE WITH US
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MICA INDUSTRIES ASSOCIATION (MIA) PRESIDENT JIM MARSHALL,

AND URGED MIA RECONSIDER ITS DECISION NOT TO SEND DELEGATION TO INDIA. MARSHALL SAID INDUSTRY DECISION ON THIS POINT STILL NOT FINAL, AND THAT IT POSSIBLE THAT INDUSTRY DELEGATION MAY YET VISIT INDIA. HE ADDED THAT HE UNDER-

STOOD THAT CHAIRMAN N.C. JAIN OF MITCO PLANNING OVERSEAS TRIP INCLUDING VISIT TO NEW YORK. MARSHALL SAID MIA WANTED VERY MUCH TO MEET WITH JAIN, BUT HAD NO FURTHER INFORMATION RE HIS TRAVEL SCHEDULE. MARSHALL INDICATED THAT ONCE HAVING MET WITH JAIN IN NEW YORK THERE WAS A POSSIBILITY OF MIA DELEGATION VISITING INDIA FOR FURTHER DISCUSSIONS.

3. DURING OCT. 14 MEETING WITH BILLER, DIXIT EXPRESSED VIEW THAT ADDITIONAL MICA SALES ON SCALE PROPOSED BY GSA WOULD NOT BE IN KEEPING WITH JOINT COMMISSION OBJECTIVE OF INCREASING US-INDIAN TRADE, AND HE FELT GOI WOULD REACT NEGATIVELY TO PROPOSAL. HOWEVER, HE RECOGNIZED THAT US MICA IMPORTERS AND CONSUMERS MIGHT BE HAVING PROBLEMS IN OBTAINING NEEDED SUPPLIES OF INDIAN MICA, AND FELT STRONGLY THAT US MICA INDUSTRY SHOULD DISCUSS THESE WITH MITCO AND WITH MINISTRY OF COMMERCE. HE BELIEVED PERSONALLY THAT THE ISSUES BETWEEN MITCO AND US MICA TRADE WERE LARGELY NEGOTIABLE, AND URGED THAT MIA BE ENCOURAGED TO SEND DELEGATION TO INDIA. DIXIT ALSO UNDERTOOK TO ASCERTAIN JAIN'S TRAVEL PLANS AND TO INFORM US OF THESE ASAP. HOWEVER, HE SAID THAT IF JAIN NOT PLANNING TO VISIT US WITHIN TWO-THREE WEEKS, US MICA DELEGATION SHOULD VISIT INDIA FOR TALKS. DIXIT FELT SUCH VISIT COULD RESULT IN RESOLUTION OF SOME OF THE MAJOR ISSUES AND THUS OBTAIN NEED FOR ADDITIONAL LARGE SCALE GSA RELEASES. HE RECOGNIZED, HOWEVER, THAT INDIA-US MICA PIPELINE MAY BE DRYING UP AS RESULT OF REPORTED VIRTUAL SUSPENSION SINCE MID-JULY OF US IMPORTERS' ORDERS FOR INDIAN MICA, AND INQUIRED ABOUT POSSIBILITY OF LIMITING ANY ADDITIONAL GSA RELEASES TO AMOUNTS ACTUALLY NEEDED FOR CONSUMPTION PENDING RESOLUTION OF OUTSTANDING ISSUES BETWEEN MITCO-MIA AND RESUMPTION OF ORDERS. DIXIT ALSO INDICATED HE WOULD PERSONALLY CONTACT MIA TO URGE THEM TO SEND DELEGATION TO INDIA FOR DISCUSSIONS.

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4. FOLLOWING DIXIT-BILLER MEETING DEPTOFF AGAIN CALLED MIA TO INFORM THEM OF DIXIT'S STRONG RECOMMENDATION THAT MIA DELEGATION VISIT INDIA, AND TO URGE MIA TO SEND DELEGATION IN NEAR FUTURE. MIA INDICATED IT MORE CONCERNED NOW WITH SHARPLY HIGHER INDIAN MICA FLOOR PRICES SINCE MID-JULY INCREASES THAN WITH GOI ORDERING REQUIREMENTS (ALTHOUGH LATTER, E.G., 60-40 SPLIT, STILL OF CONCERN TO MIA). MIA

FELT THAT ALTHOUGH GOI MIGHT BE WILLING TO REACH SOME ACCOMODATION ON ORDERING REQUIREMENTS, THERE APPEARED LITTLE OR NO CHANCE OF ANY PRICE ROLLBACKS. BEGIN FYI: DURING DISCUSSION OF PRICES MIA CLAIMED GSA SALE PRICES WERE BELOW EVEN PRE-JULY INDIAN PRICES, AND THAT US DEALERS AND CONSUMERS WERE BUYING GSA MICA FOR OWN STOCKS RATHER THAN

FOR CURRENT CONSUMPTION NEEDS, (POSSIBLY IN ANTICIPATION OF EVEN FURTHER INDIAN PRICE INCREASES). HOWEVER, IT POSSIBLE THAT LOW PRICES FOR GSA MICA MAY BE DUE TO OFF-GRADE QUALITY OF MATERIAL BEING SOLD. DEPARTMENT WILL SEEK CLARIFICATION FROM GSA OF ITS MICA PRICING. END FYI.

5. ACTION REQUESTED: IN ADDITION EMBASSY COMMENTS, DEPARTMENT WOULD APPRECIATE INFORMATION CONCERNING N.C. JAIN'S TRAVEL PLANS. KISSINGER

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